

# LEGISLATIVE AUDIT COMMISSION



Review of  
Illinois Community College Board  
Two Years Ended June 30, 2002

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**REVIEW: 4191**  
**ILLINOIS COMMUNITY COLLEGE BOARD**  
**TWO YEARS ENDED JUNE 30, 2002**

**FINDINGS/RECOMMENDATIONS - 5**

**ACCEPTED - 1**  
**IMPLEMENTED - 4**

**REPEATED RECOMMENDATIONS - 2**

**PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 2**

This review summarizes an audit of the Illinois Community College Board for the two years ended June 30, 2002, filed with the Legislative Audit Commission March 4, 2003. The auditors conducted a financial and compliance audit in accordance with State law and *Government Auditing Standards*. The auditors stated the financial statements of the Illinois Community College Board are fairly presented.

The Illinois Community College Board (Board) is a 12-member board created in 1965 by the Public Community College Act to create a system of community colleges accessible to every resident of Illinois. Today, the Illinois community college system covers the entire State with 48 community colleges and one multi-community college center in 39 community college districts. The Board is appointed by the Governor. The Board's powers and duties are defined by the Public Community College Act (110 ILCS 805/2-1 et seq.) The Board's strategic plan pledges seven promises as follows:

- Address workforce development needs with flexible, responsive and progressive programs;
- Offer rigorous courses and programs designed for college and university transfer;
- Expand adult education and literacy programs necessary for individuals and families to have high-quality work and life;
- Equip residents with the technology skills to be successful in the 21<sup>st</sup> century;
- Emphasize high quality in all programs, services and operations;
- Deliver affordable learning opportunities to the doorstep of Illinois residents; and
- Model and promote leadership and ethical decision making.

In 38 community college districts, locally-elected Boards of Trustees set policies that guide colleges in achieving local and statewide goals. The Board of Trustees of the City Colleges of Chicago is appointed by the Mayor of Chicago. In FY01, the colleges served nearly one million residents through credit (666,491) and noncredit courses (313,094). Colleges awarded 22,121 associate degrees in FY01. The average annual cost for tuition and fees for the full-time enrollee was \$1,483.28 in FY02.

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Dr. Joseph J. Cipfl, the retiring Board President, was the President during the audit period. The new President is Geoff Obrzut. Mr. Obrzut began work at the Board on January 20, 2004. He had no previous employment with the Board.

The number of full-time equivalent employees was:

|   | 2002      | 2001      | 2000      |
|---|-----------|-----------|-----------|
| Central Office                          | 31        | 29        | 28        |
| Workforce Investment Act/JTPA           | -         | 3         | 6         |
| DAVTE/Perkins                           | 2         | 2         | 2         |
| Preparing Today's Teachers for Tomorrow | 1         | -         | -         |
| Adult Education                         | 9         | 5         | -         |
| Advancing Opportunities                 | 3         | 3         | -         |
| Technical Preparation                   | 1         | 1         | -         |
| Educations-To-Careers                   | 2         | 2         | -         |
| Allied Health                           | 2         | 1         | -         |
| Illinois Community College Online       | -         | 2         | -         |
| Illinois Articulation Initiative        | 1         | 2         | -         |
| GED 2002                                | 1         | -         | -         |
| <b>TOTAL</b>                            | <b>55</b> | <b>50</b> | <b>36</b> |

### Expenditures From Appropriations

The General Assembly appropriated a total of \$433,690,498 to the Illinois Community College Board during FY02. Appendix A summarizes the appropriations and expenditures for the period under review. The Illinois Community College Board expended funds from nine funds: the General Revenue Fund; Education Assistance Fund; Capital Development Fund; ICCB Contracts and Grants Fund; AFDC Opportunities Fund; the Build Illinois Bond Fund; Funds for Illinois' Future; ICCB Adult Education Fund; and Build Illinois Bond Fund. The vast majority of the monies appropriated to the Illinois Community College Board are grants which are awarded to the various community college districts throughout the state. Less than \$2.5 million is used for Board operations.

Total expenditures increased from \$327,950,588 in FY01, to \$402,539,442 in FY02, an increase of \$74.5 million, or 22.7%. The increase was due primarily to the transfer of responsibility for the Adult Education program from the State Board of Education to ICCB (\$58.2 million) and an increase in base operating grants from \$145.6 million to \$154.7 million. The one-time grants for capital development activities from the Capital Development Fund are distributed when the colleges are ready to accept them. The AFDC Opportunities Program from the Department of Human Services reduced activities in 2001 and ended in 2002. The Job Training Partnership Act was discontinued in 2001.

Federal expenditures were almost \$25.5 million in FY02. Lapse period expenditures in FY02 were about \$4 million, or 1% of total expenditures.

### Cash Receipts

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Appendix B provides a summary of cash receipts. Cash receipts increased from \$5,838,558 in FY01 to \$22,498,595 in FY02. Cash receipts increased in FY02 because of the transfer of the Adult Education and Family Literacy Program to the ICCB from the State Board of Education. Without the Adult Education transfer, receipts would have fallen \$1.8 million, or 32.6%. The decrease was due primarily to the end of the Opportunities Program, JTPA, the School-to-Work grant, as well as a one-time grant to implement the Workforce Investment Act. Similarly, GED 2002 received a one-time grant for FY02, and new programs such as Preparing Today's Teachers for Tomorrow, Allied Health Project and Illinois Community College Online received their first full year of funding in FY02. The entire transfer of Vocational Education from ISBE to ICCB is expected to be complete by FY03.

### **Property and Equipment**

Property and equipment transactions during the period under review are summarized in Appendix C. The balance increased from \$844,764 as of July 1, 2000 to \$1,082,944 as of June 30, 2002. The balance consists primarily of office equipment.

### **Grants to Colleges**

Appendix D is a list of community colleges and the total amount of grants each received in the fiscal year indicated.

### **Accountants' Findings and Recommendations**

Condensed below are the five findings and recommendations included in the audit report. Two are repeated from prior audits. The following recommendations are classified on the basis of information provided by Dr. Joseph J. Cipfl, President and CEO, in a letter dated April 28, 2003.

#### **Accepted or Implemented**

- 1. Implement procedures to ensure the accuracy of the allocation calculation by reviewing the spreadsheet formulas and the source data utilized.**

**Findings:** During detail testing, the auditors noted five of 16 grants to community college districts were not calculated correctly, resulting in grant under/over payments to all community colleges. The over/under payment ranges for the credit hour error from an underpayment of \$300,496 to an overpayment of \$118,187. The under/over payment

**Accepted or Implemented - concluded**

ranges for the unemployment rate error was an overpayment of \$5,144 to an underpayment of \$8,632.

**Response:** Accepted and implemented. Current audit errors have been corrected. The Board will take action to ensure that correct data for calculating the grants which are allocated based on funded credit hours is being utilized. The Board will also review the formulas in the electronic software to verify that correct calculations are being performed.

**2. Strengthen procedures for the community college districts to comply with current refund submission requirements and enforce deadlines for submitting refunds. (Repeated-1996)**

**Findings:** The ICCB did not receive refunds of unexpended State grant monies from some community college districts by the required deadline. The ICCB's guidelines require that all unexpended State grant funds totaling \$100 or more be returned to the ICCB by October 15, following the end of the fiscal year. These guidelines coincide with the Grant Funds Recovery Act which states that grant funds not obligated or spent at the end of the grant period must be returned within 45 days.

During FY01, twelve refunds were due to the ICCB, of which four were returned late, totaling \$117,215. The range of delinquency was from one to 130 days.

Because the deadline for completing the annual audit reports is also October 15, some colleges choose to submit both the refund and the audit report at the same time. If an audit is late, then the refund is submitted late also.

**Response:** Accepted and implemented. The Board does not have statutory authority to penalize districts for late submissions of refunds. The Board will continue to remind the colleges of the due date for refunds.

**3. Strengthen procedures for the community college districts to comply with current reporting requirements or revise such deadlines. (Repeated-1996)**

**Findings:** The ICCB does not receive informational grant reports from some community college districts by the required deadline. The ICCB's Administrative Rules require the community college districts to file informational reports throughout the grant period. During detail testing, the auditors noted 567 of 1,501 information reports for FY01 were one day to 11 months late, and 45 reports were not submitted at all. For FY02, 560 of 2,067 reports were one day to 10.5 months late, and 105 reports were never submitted.

The Board has been advised that the internal data reporting systems of some community colleges cannot be closed-out, reconciled, and compiled in time to meet the deadlines.

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The ICCB staff uses these reports to evaluate the effectiveness of grant programs and to plan grant changes for future budget years.

**Response:** Accepted and implemented. The Board does not have statutory authority to penalize the districts for late submissions of grant reports. The Board will continue to send reminders to the colleges when the final reports are due to the Board.

### **4. Enforce travel policies regarding the preauthorization of travel and ensure that personal automobiles are utilized for Board travel when an Agency or a State automobile is not available.**

**Findings:** When the auditors reviewed 110 travel vouchers, 13 instances of travel were not approved by an authorized employee prior to travel. Additionally, three employees used their personal automobile for travel on a regular basis rather than a State automobile. These employees were reimbursed \$6,269, and one employee's reimbursements amounted to \$4,601.

**Response:** Accepted and implemented. The Board will take corrective action and review travel policies with the staff and supervisors to ensure that the policies are followed.

### **5. Update disaster recovery plan, local area network policy, and system development methodology and implement procedures to ensure that these documents are reviewed and updated on a regular basis. Test disaster recovery plan once the plan is updated, and annually thereafter. Modify the plan, if necessary, based upon the results of those tests. Develop and maintain a long-range information system plan and reduce local area network password change interval to 35 days.**

**Findings:** The Board has not maintained adequate controls over its information systems. The Board has not updated its disaster recovery plan, local area network policy, or system development methodology since 1996. No testing of the disaster recovery plan occurred during the audit period. There is no long-range information systems plan, and the password change interval is 60 days.

**Response:** Accepted, procedures are being written. The Board is in the process of revising its disaster recovery plan, local area network policy, and system development methodology. When complete, the documents will be reviewed and updated regularly. We will also develop and maintain a long range IS plan.

## **Emergency Purchases**

The Illinois Purchasing Act (30 ILCS 505/1) states, "The principle of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts..." The law also recognizes that there will be emergency situations when it will

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be impossible to conduct bidding. It provides a general exemption for emergencies “involving public health, public safety, or where immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage ... prevent or minimize serious disruption in State services or to insure the integrity of State records. The Chief procurement officer may promulgate rules extending the circumstances by which a purchasing agency may make ‘quick purchases’, including but not limited to items available at a discount for a limited period of time.”

State agencies are required to file an affidavit with the Auditor General for emergency procurements that are an exception to the competitive bidding requirements per the Illinois Purchasing Act. The affidavit is to set forth the circumstance requiring the emergency purchase. The Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY01, the Board filed an emergency purchase estimated at \$100,000 to remove contaminated asphalt and top soil at Lewis and Clark Community College.

### **Headquarters Designations**

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time.

The Illinois Community College Board indicated as of July 2002 that there were no employees assigned to locations other than official headquarters.